

**Town of Kittery, Maine**  
**Capital Improvement Plan**  
**October 20, 2008**

**PURPOSE**

One of the primary responsibilities of municipal government and school officials is to preserve, maintain, and improve a communities' stock of buildings, roads, parks, sewer facilities, machinery, apparatus and equipment. Planning for capital improvements is a matter of prudent financial management as well as sound development practice.

The Town of Kittery Capital Improvement Program (CIP) is a community plan for short and long-range physical development in the form of capital purchases of equipment or facilities in excess of \$25,000. The CIP is based on a five-year cycle with additions and/or modifications done to the plan on a yearly basis. It is intended to link the Town's comprehensive plan and fiscal plan to physical developments, and provide a mechanism for:

Estimating capital requirements

Planning, prioritizing, scheduling, and implementing projects over a five year timeframe with yearly updates

Developing revenue policies for proposed improvements

Determining budgeting methods for high priority projects

Promoting inter-department coordination of projects within the town

Informing the public of planned capital improvements

**CIP COMPONENTS**

This policy is intended to be a dynamic, evolving plan that will facilitate meeting the future capital needs of the Town of Kittery. The following is a list of components of the Kittery CIP:

- **Capital Facilities** – include building, roads, bridges, parks, sewer facilities, equipment, machinery, vehicles, apparatus, works or art and historical treasures and other tangible and intangible assets that are used in operations and have an initial useful life longer than a single reporting period (year)

- **Inventory of Existing Capital Facilities** – to determine future demands for maintenance, repair, rehabilitation or replacement; and to determine adequacy of existing capital facilities to meet future needs
- **Capital Project Request** – a form together with supporting information which contains all the information on which each project will be evaluated and ranked. Development of the Capital Project Request forms will be accomplished by the Kittery Town Manager and Department Heads.
- **Capital Project Evaluation** – A method which details the criteria on which projects will be ranked, prioritized, and executed. The specific criteria, and its ranking and weighting, will be subject to recommendation by the CIP Coordinating Committee with final approval by the Town Council upon approval of the voters of the Town of Kittery.
- **Funding Plans** – Must include soundly rationalized bases for use of public funds. Where use of public debt is planned, cash flow projections over the life of the amortization must be calculated, and the impact on future budgets and financial statements must be estimated.
- **Coordinating Official** – The official responsible for ensuring the CIP process is implemented. The coordinating official for the Town of Kittery shall be the Town Manager.
- **CIP Coordinating Committee** – A Town Council appointed group consisting of one (1) Town Council representative, one (1) School Committee representative, two (2) citizens representative (1 for a two year term and the second for a three (3) year term), the School Business Manager / Town Fiscal Agent, and the Town Manager. The committee shall elect its own chairperson whose responsibility will be to call meetings, ensure minutes are taken and to make the committee's presentation to the Town Council.

## **FUNDING SOURCES**

Funding for CIP purchases of equipment and facilities are received from several different revenue sources. Municipal bonding requires the town to acquire long term borrowings towards a project or equipment. The use of Unencumbered Surpluses simply allows the reallocation of funding currently not designated for a specific project. Other funding sources such as grants and matching spending programs may also decrease the necessity for town or bond based funding. Most important to regularly replaced equipment, apparatus, or capital facilities is Reserve/Depreciation account funding, which uses annually budgeted savings towards planned replacements.

Budgeting for planned replacement using reserve accounts requires fiscal discipline and a long-term commitment to funding. Delaying or partially funding

projects in progress can set back completion dates many years, and increase costs associated with these projects.

### **PROCEDURES FOR SUBMITTING AND AMENDING CIP PROJECTS**

A key element in the CIP is the collection of data to identify future capital needs. It is the responsibility of Department Managers and Town Councilors to initiate requests for new projects, modifications, and/or re-prioritization by sending completed request forms, included as Appendix 1, and supporting information to the Coordinating Official as soon as the need is identified; requests must include justification for preferential ranking if appropriate. Department Managers and Town Councilors shall use the evaluation criteria as outlined in the paragraph below in submitting requests.

Another tool in the CIP is the inventory of existing equipment, apparatus, and facilities with purchases priced higher than \$30,000. Appendix 5, the Depreciation Account Worksheet, should list all qualifying equipment and facilities and should be submitted by every department head during the request submission phase of the CIP. This worksheet is designed to allow department heads to plan purchases in the coming years by annually depreciating existing equipment and facilities. Appendix 6, the Reserve Account worksheet allows department heads to budget year-by-year the necessary reserves to replace equipment in a given time frame. This worksheet also makes allowances for inflation, preventing last-minute shortfalls due to price increases.

### **EVALUATION AND PRELIMINARY RANKING BY COMMITTEE**

The CIP Coordinating Committee will perform an initial evaluation and ranking of projects. Preferential ranking (moving a project from an out year to an earlier year) may be done at this time. Projects will be prioritized in accordance with evaluation criteria contained on an Evaluation Form adopted by the Town Council and included in this policy as Appendix 2. If needed, the committee may conduct workshop sessions with the Town Manager and Department Heads to ensure a full understanding of the requested projects. The CIP Coordinating Committee will meet at the direction of the Town Manager. Project evaluation will include, but may not be limited to, the following criteria:

- **Public Health & Safety** – Benefits to Kittery's citizens and visitors in terms of emergency fire and police resources, medical response, or everyday expectations of security.
- **Frequency / Intensity of Use** – How often will the resource or equipment be used? Can it be shared for multiple uses?
- **Scheduling** – How does the project fit in the town's long term plans for improvements and acquisitions?
- **External Requirements** – Other resources, labor, or maintenance that will be necessary because of this project or acquisition.

- **Economic Development** – Effects of project on the economic landscape of the community, and potential development of the future.
- **Benefit vs. Cost** – Explicit and implicit costs associated with the project in comparison to the benefits expected to be received by the town and its citizens.
- **Availability of Financing** – The difficulty in obtaining financing for this project as well as potential sources. Is there potential for state or federal grants? Can the project partially or fully self-finance through fees?
- **Special Needs** – Are there considerations to be made for convenient access and use by everyone? How difficult will these considerations be?
- **Timeliness** – The priority placed in completion of the project. Is it a project that can be accomplished in the future, or is it imperative that it be completed quickly?
- **Public Support** – Is the project supported by the citizens of Kittery? Is it supported by more than those directly affected?
- **Impacts of Operating Budgets** – What effect will the project have on the future operating expenses? Are current operating budgets sufficient for long-term maintenance and upkeep?
- **Expected Life of Improvements** – What is the expected useful life of the project or acquisition?
- **Percent of Population Served** – To what extent does the project serve the citizens of Kittery as a whole? Does this provide additional services for everyone, or a select group?
- **Return on Investment** – Project or Improvements savings to the town versus cost. Can the project pay for itself (in savings)? How long will it take?

### **INTEGRATION OF THE FIVE YEAR CIP SCHEDULE**

The CIP Coordination Committee is also tasked with scheduling and prioritizing Capital Improvement requests not planned for immediate execution. Using the Five Year CIP Schedule, included as Appendix 3, the committee shall plan improvements based on the year of best fit for the specific request. Prioritization in subsequent years may be done at this time. However, alterations will also be made to the priority of projects as requests are submitted in the future. The CIP Coordination Committee will submit to the Town Council the completed CIP Schedule which outlines the five year CIP program as defined by the CIP committee evaluation criteria.

### **REVIEW AND PRIORITIZATION BY TOWN COUNCIL**

The Kittery Town Council will conduct workshop sessions with the CIP Coordinating Committee, Department Heads, and the Town Manager as

necessary to review and prioritize projects to be included in the current year CIP schedule. The Town Council shall use the same criteria as used by the CIP Coordinating Committee to evaluate projects. Town Council approved CIP projects for the upcoming fiscal year shall be placed on the June ballot for approval by the voters of the Town of Kittery.

### **TIMELINE OF EVENTS**

The Capital Improvement Program (CIP) will begin annually on November 1<sup>st</sup>. Department Managers are directed to seek submissions within their departments of possible projects and acquisitions. These projects and supporting documents are to be submitted to the Coordinating Official on or before January 1<sup>st</sup> of the following year. The Coordinating Official in the Capital Improvement Program will submit a final list of project applications to the CIP Coordination Committee on or before January 15<sup>th</sup>. The committee will complete all necessary reviews by the 1<sup>st</sup> of February, and submit the final list and recommendations to the Town Council on February 15<sup>th</sup>. The Town Council will review and approve the submitted list by March 1<sup>st</sup>, and prepare the items for the town's approval on the second Tuesday of June. A flowchart included as Appendix 4 illustrates the progress of the CIP policy.

- October 15<sup>th</sup> – Capital Improvement Process Begins
  - Department Managers collect project submission forms from within their departments.
  - Department Managers take inventory of current equipment and facilities, use reserve account sheet to budget for existing projects.
- December 15<sup>th</sup> – Project Request Forms Submitted
- January 5<sup>th</sup> – Coordinating Official assembles list of projects
- January 15<sup>th</sup> – Coordinating Official forwards list to CIP Coordination Committee
- January 22<sup>nd</sup> – CIP Coordination Committee Reviews
  - Ranks projects based on Criteria Ranking Sheet (Appendix 2)
- February 12<sup>th</sup> – CIP Coordination Committee Forwards list to Town Council
- February 23<sup>rd</sup> – March 30<sup>th</sup> -Town Council Reviews and Prioritizes
  - Projects ranked based on Criteria Ranking Sheet (Appendix 2)
- Second Tuesday of June – Town votes on final list submitted by Town Council for ballot.

**Capital Improvement Program**  
**Capital Project Request**

Requesting Department: \_\_\_\_\_ Date of Request: \_\_\_\_\_

Designated Contact: \_\_\_\_\_

- **Request Title:** \_\_\_\_\_
  - General Description of Request:
  
  - Location of Project:
- **Project Costs & Financing**
  - Approximate Cost of Request:
  - Town Funding Necessary:
  - How will the project be financed?
  - Outside Funding Sources:
- **Future Costs & Operating Expenses**
  - Estimated Annual Costs of Operation and Maintenance:
  
  - Estimated Net Effect on Operating Costs, Revenues, and Staffing:
- **Project Planning**
  - Proposed Start Date of Project:
  
  - What Planning Has Been Done for Project?
  
  - Is Funding Necessary for Further Plans/Estimating?
  - Can the Project be Phased?
    - If Yes, Breakdown Expenditure Level Per Year:

**Attach Additional Project Details and Relevant Details**

Project															
															Public Health & Safety
															Intensity of Use
															Scheduling
															External Requirements
															Economic Development
															Benefit vs. Cost
															Availability of Financing
															Special Needs
															Timeliness
															Public Support
															Impacts of Operating Budgets
															Expected life of Improvement
															Percent of Population Served
															Return on Investment



APPENDIX 4 -2008/09  
TIMETABLE (APPROXIMATE SCHEDULE)

CIP PROCESS BEGINS – 15<sup>TH</sup>

- Forms out to Dept. Heads
- Research Possible Project Submissions

December 15<sup>th</sup> –Projects Submitted to Town Manager

- Town Manager formats lists of projects

January 15<sup>th</sup> – Town Manager Submits CIP Projects and Materials to Coordinating Committee

- Committee schedules review meetings with the first on January 22, 2009
- Committee Ranks projects based on criteria Ranking Sheet
- By February 12, 2009 – Committee forwards list to Town Council

February 23-March 30, 2009 – Town Council Reviews recommendations of the Coordination Committee.

- Town Council votes to move the CIP Plan forward in the budget process and places any required Warrant Articles on the ballot for the June Town Meeting vote.



Date: \_\_\_\_\_

[illegible]